



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

NEW ORLEANS NEIGHBORHOOD DEVELOPMENT FOUNDATION

(A Nonprofit Organization)

FINANCIAL STATEMENT AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2012

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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Neighborhood Development Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Neighborhood Development Foundation, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued,

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Development Foundation, Inc., as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013, on our consideration of the organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Luther Speight & Co", is written in black ink.

Luther Speight & Company CPAs

New Orleans, Louisiana

June 21, 2013

NEW ORLEANS NEIGHBORHOOD DEVELOPMENT FOUNDATION.
Statement of Financial Position
For The Year Ended December 31, 2012

Assets

Current Assets:

Cash and Cash Equivalents	\$ 122,438
Investments (Note 10)	318,754
Interest Receivable	381
Grants Receivable	37,600
Due From Affiliated Entity	440,338
Total Current Assets	<u>919,511</u>

Land	45,000
Furniture, Fixtures and Equipment	80,140
Buildings and Improvements	1,034,683
Accumulated Depreciation	(176,584)
Net Fixed Assets	<u>983,239</u>

Total Assets	<u><u>1,902,750</u></u>
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Liabilities and Net Assets

Current Liabilities:

Payroll Tax Liabilities	1,992
Current Portion of Long Term Debt	21,293
Line of Credit (Note 3)	308,338
Total Current Liabilities	<u>331,623</u>

Long-Term Liabilities

Mortgage Payable	168,295
Note Payable	132,000
Due To Affiliated Entity (Note 3)	114,757
Total Long-Term Liabilities	<u>415,052</u>
Total Liabilities	<u>746,675</u>

Net Assets:

Unrestricted Net Assets	362,423
Temporarily Restricted	793,652
Total Net Assets	<u>1,156,075</u>

Total Liabilities and Net Assets	<u><u>\$ 1,902,750</u></u>
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See Accompanying Notes to the Financial Statements.

NEW ORLEANS NEIGHBORHOOD DEVELOPMENT FOUNDATION, INC.

Statement of Activities

For The Year Ended DECEMBER 31, 2012

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues			
Grants	\$ -	\$ 256,000	\$ 256,000
Other Grants- Housing Partnerships	-	53,951	53,951
Contributions	166,753	-	166,753
Fundraising Income, Net of Direct Expenses of \$34,350	62,828		62,828
Interest and Dividend Income	7,531	-	7,531
Other Income	17,011		17,011
Releases From Restrictions	309,951	(309,951)	
Total Public Support and Revenues	<u>564,074</u>	<u>-</u>	<u>564,074</u>
Expenses			
Salaries & Related Expenses	356,491		356,491
Communications	5,025		5,025
Program Supplies & Expenses	15,373		15,373
Program Support Costs	17,138		17,138
Office Supplies & Postage	7,266		7,266
Equipment & Property Expenses	20,146		20,146
Utilities, Household & Advert Exp	25,493		25,493
Depreciation	37,881		37,881
Contractual Expenses	7,479		7,479
Professional Fees	43,671		43,671
Travel, Meals & Training	6,399		6,399
Miscellaneous & Contribution Expenses	604		604
Fees, Taxes and Assessments	6,537		6,537
Insurance	16,784		16,784
Totals	<u>566,287</u>	<u>-</u>	<u>566,287</u>
Change in Net Assets	<u>(2,213)</u>	<u>-</u>	<u>(2,213)</u>
Net Assets, Beginning of Period	<u>364,636</u>	<u>793,652</u>	<u>1,158,288</u>
Net Assets, End of Period	<u>\$ 362,423</u>	<u>\$ 793,652</u>	<u>\$ 1,156,075</u>

See Accompanying Notes to Financial Statements

NEW ORLEANS NEIGHBORHOOD DEVELOPMENT FOUNDATION, INC.

Statement of Cashflows

For the Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ (2,213)
Adjustments to reconcile net income to net cash:	
Accounts receivable, net	(37,600)
Grant Receivable	18,708
Pledges Receivable	20,000
Deposits and other	58,344
Due from Other Program	350,553
Due from AND, Inc.	(198,290)
Accounts payable	(3,585)
Accrued Interest Payable	(13,801)
Other accrued liabilities	490
Notes Payable	132,000
Line of Credit	(84,822)
Due to Other Programs	(350,553)
Due to AND, Inc.	53,444
Cash flow from operations	<u>(57,325)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Accumulated Depreciation	<u>37,881</u>
Net cash used in Investing Activities	<u>37,881</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Notes Payable	<u>(107,607)</u>
Net cash used in Financing Activities	<u>(107,607)</u>

Net change in cash and cash equivalents (127,051)

Cash and cash equivalents - beginning of period	<u>249,489</u>
Cash and cash equivalents - end of period	<u><u>122,438</u></u>

The accompanying notes are an integral part of this consolidated financial statement

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

NOTE 1 - ORGANIZATION

New Orleans Neighborhood Development Foundation (“the Foundation”) was incorporated under the laws of the State of Louisiana on April 15, 1986. Its mission is to help low and moderate income families become homeowners, with the specific aim of placing at least 100 low and moderate income families in their own homes each year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

New Orleans Neighborhood Development Foundation is a non-profit, community-based organization whose financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Reporting

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, New Orleans Neighborhood Development Foundation classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted, and permanently restricted net assets according to external (donor) imposed restrictions. A description of these three net asset categories is as follows:

- Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of New Orleans Neighborhood Development Foundation are included in this category. New Orleans Neighborhood Development Foundation has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of New Orleans Neighborhood Development Foundation and therefore, New Orleans Neighborhood Development Foundation’s policy is to record those net assets as unrestricted.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

Continued.

- Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions have not been met.
- Permanently restricted net assets are contributions, which are required by the donor-imposed restriction to be invested in perpetuity and only the income, be made available for program operations in accordance with donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions

At December 31, 2012, New Orleans Neighborhood Development Foundation did not have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment of New Orleans Neighborhood Development Foundation are recorded as assets and are stated at historical cost, if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Long-lived assets over \$5,000 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of assets as follows:

Furniture and Equipment	3-7 Years
Building and Improvements	10 - 27.5 Years

Such assets and related accumulated depreciation consists of the following:

Land	\$ 45,000
Furniture, Fixtures and Equipment	80,140
Building and Improvements	1,034,683
Accumulated Depreciation	(176,584)
Net Fixed Assets	<u>\$ 983,239</u>

Depreciation expense for the year then ended December 31, 2012 was \$37,881.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

Continued.

Support and Revenues

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Grant revenue is recognized as it was earned in accordance with approved contracts.

Investments

Investments are presented in accordance with requirements established by FASB ASC 320. Under FASB ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Receivables

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the corporation that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All promises to give are recognized as assets less an allowance for uncollectible amounts, and revenues.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

Continued.

Fair Value of Financial Instruments

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments. The fair values of marketable securities are based on quoted market prices for those similar investments.

Cash Equivalents

New Orleans Neighborhood Development Foundation considers all cash in demand deposits and investments purchased with a maturity date of three months or less to be cash equivalents.

Subsequent Events

The subsequent events of the corporation were evaluated through the date the financial statements were available to be issued June 21, 2013.

NOTE 3 – DUE FROM AND DUE TO AFFILIATED ENTITY

New Orleans Neighborhood Development Foundation also currently has an outstanding receivable due from an affiliated entity, Associated Neighborhood Development, Inc. The receivable totaled \$308,338 for the year ended December 31, 2012. This represents a commercial line of Credit owed by New Orleans Neighborhood Development Foundation to First NBC Bank and was procured on behalf of the affiliate in order to execute various construction contracts the affiliate is involved with. The Line of Credit is designed to augment the grant proceeds that remain the primary source of funding for the affiliate.

NDF also has recorded an amount due from this affiliate of \$132,000. This amount represents an advance secured by NDF from another entity that was subsequently transferred to the affiliate to facilitate housing development activity. This amount is expected to be repaid to NDF from the affiliate.

The combined amount recorded as due from affiliate is \$440,338.

New Orleans Neighborhood Development Foundation currently has a payable due to an affiliated entity, Associated Neighborhood Development, Inc. The payable totaled \$114,757 for the year ended December 31, 2012

NOTE 4– NOTES PAYABLE- FOUNDATION FOR LOUISIANA, INC.

New Orleans Neighborhood Development Foundation currently has an outstanding notes payable due to the Foundation for Louisiana. The outstanding balance of the notes payable as of the year ended December 31, 2012 totaled \$189,588.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

Continued,

The note dated October 15, 2010 bears an interest rate of 3% payable in quarterly installments. The note is secured by land and buildings recorded at \$1,079,863 in these financial statements. The amortizations of principal for the remaining periods are as follows:

<u>Year ended</u> <u>December 31</u>	<u>Principal</u> <u>Payments Due</u>
2013	\$ 21,293
2014	21,941
2015	22,605
2016	23,291
2017	23,998
Thereafter	86,872
	<u>\$ 200,000</u>

NOTE 5 – FUNDRAISING EVENT REVENUE

New Orleans Neighborhood Development Foundation organizes an annual fundraising event referred to as “House Party”. The gross revenues raised from this event totaled \$97,178 while expenses were \$34,350 resulting in net fundraising revenue of \$62,828.

NOTE 6 – UNRESTRICTED CONTRIBUTIONS

Contributions consist of donations made to New Orleans Neighborhood Development Foundation to provide support to the operation of New Orleans Neighborhood Development Foundation as well as to fund specific projects as designated by the donor or the Board of Directors.

NOTE 7 – INCOME TAXES

New Orleans Neighborhood Development Foundation is exempt from federal income taxes through Section 501 (c)(3) of the Internal Revenue Code.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

NOTE 8- CONTINGENCY

New Orleans Neighborhood Development Foundation is a recipient of several grants and awards of federal funds. These grants and awards are governed by various federal guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by these grants and awards is under the control and administration of New Orleans Neighborhood Development Foundation, and is subject to audit and /or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

NOTE 9 – INVESTMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below:

The details of investments are as follows:

<u>Investment Category</u>	<u>Market Value</u>
Certificate of Deposit	\$ 88,109
Mutual Funds	230,645
Total	<u>\$ 318,754</u>

The assumptions to estimate fair value are as follows:

- Certificates of deposit carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- The fair market value of mutual funds are based on quoted market prices for those similar investments.

The fair value of cash and cash equivalents, receivables, and accrued liabilities approximate fair value at December 31, 2012 due to the short-term nature of these accounts.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

Continued,

Investment income related to investments consists of:

<u>Income Category</u>	<u>Amount</u>
Interest Income	\$ 3,028
Dividend Income	4,503
	<u>\$ 7,531</u>

NOTE 10 – CHANGE IN REPORTING ENTITY

NDF was included as a component of a combined financial statement for the prior period. The Organization is a separate corporate entity with an IRS 501(c)(3) exempt designation. During the current period NDF determined that the proper reporting entity was a separate and distinct entity.

NOTE 11 – COMPENSATED ABSCENSES

NDF did not record a liability related to amounts due to employee compensated absences. Management determined that these balances are not material.

NOTE 12 – RETIREMENT ARRANGEMENT

NDF has a tax deferral annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of NDF. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. NDF made no contributions for the year ended December 31, 2012.

NOTE 13 – BOARD OF DIRECTOR COMPENSATION

The board of Directors is a voluntary board; therefore no compensation has been paid to any member for the year ended December 31, 2012.

New Orleans Neighborhood Development Foundation
Notes to the Financial Statements
December 31, 2012

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent event as of June 21, 2013 and has determined there are no additional disclosures or adjustments to these financial statements required. These financial statements were available to be issued on June 21, 2013.

NOTE 15 – RELATED PARTY TRANSACTIONS WITH AFFILIATED ORGANIZATION

Neighborhood Development Foundation is closely affiliated with Associated Neighborhood Development, Inc. (AND). The organizations have separate boards of directors and are separately incorporated within Louisiana. Additionally, each organization files a separate Internal Revenue Service information return (form 990). While there are certain directors that serve on both boards the organizations were not deemed to be under common control.

Financial transactions between NDF and AND are recorded as amounts due from and due to affiliated entities in the statement of financial position. During the year ended December 31, 2012 NDF received a recoverable grant (advance) from Enterprise Community Partners, Inc. totaling \$132,000 and subsequently advanced the funding to AND to assist AND in its housing development efforts. This and other prior year transfers between NDF and AND were deemed arm's-length transactions and recorded at fair value. There were no transactions affecting the statement of activities between the two entities for the year ended December 31, 2012.



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Neighborhood Development Foundation Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Neighborhood Development Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

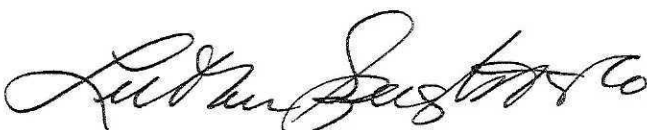
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513 this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Luther Speight & Co".

Luther Speight & Company CPA

New Orleans, Louisiana
June 21, 2013

NEIGHBORHOOD DEVELOPMENT FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Section I – Summary of Auditor’s Results

Financial Statements

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified
not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards - N/A

Internal control over major programs:

Material weaknesses identified? ☐ yes ☐ no

Significant deficiencies identified
not considered to be material weaknesses? ☐ yes ☐ no

An unqualified opinion was issued on compliance for the major programs.

Any audit findings disclosed that are required to be reported in
accordance with Circular A-133, Section 510(a)? ☐ yes ☐ no

NEIGHBORHOOD DEVELOPMENT FOUNDATION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

There were no findings resulting noted in our current year examination.

NEIGHBORHOOD DEVELOPMENT FOUNDATION, INC.
SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Finding #</u>	<u>Description</u>	<u>Resolved / Unresolved</u>
2011-1	Prior Auditor Entries Not Recorded	Yes